

AUDIT COMMITTEE

We strongly encourage each parish or school to establish an Audit Committee, which will conduct a formal internal review of parish or school financial records, and internal controls each year. The Committee should be appointed by the Parish Council or School Board, and the appointments ratified by the Pastor or Pastoral Administrator. It should consist of at least three persons. None of these persons should be employees of the parish, school, or individuals who have responsibilities or duties involving the handling of funds or authorizing expenditures at the parish or school. Of the three, two of those persons should be finance oriented and familiar with the activities of the parish or school. One person should be a member of the Parish or School Finance Council.

Small parishes or schools may want to join and form an Audit Committee with a representative from each parish or school. This joint Audit Committee could perform an annual internal review and prepare a report for each parish or school.

The purposes of the Audit Committee are to:

- Ensure that the parish or school is operating in accordance with Archdiocesan Financial Policies and Procedures.
- Ensure internal control procedures are being followed.
- Ensure the accuracy of parish or school financial reports.
- Examine underlying documentation to support the financial statements.
- Recommend any changes the Committee believes appropriate to improve the financial structure and internal control of the parish or school.

The annual internal review by the Committee should be undertaken as soon as possible after the annual financial report has been completed. A written report should be prepared which briefly summarizes the procedures the Committee followed and its findings and recommendations. The report should be reviewed with the pastor or pastoral administrator who should communicate the recommendations to the Parish Council or School Board and Finance Council. Additionally, the report should be submitted to the Archdiocesan Finance Department.

The Archdiocese may also perform audits as deemed appropriate of any parish or school or any of its organizations.

To assist parish audit committees with their annual internal review, the Archdiocese of Louisville Parish Internal Control Questionnaire is provided in *Appendix – Audit*.